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UNCLAS MAPUTO 001628

SIPDIS  
STATE FOR AF/S  
STATE PASS USTR FOR PATRICK COLEMAN AND AUSTR LISER  
USDOC FOR RTELCHIN  
PRETORIA FOR USDA/FAS  
SENSITIVE  
E.O. 12958: N/A  
TAGS: ETRD EAGR ECON MZ  
SUBJECT: MINISTER OF COMMERCE PRESSES CASE FOR TARIFF RATE QUOTA ON TOBACCO

SENSITIVE BUT UNCLASSIFIED - DELIBERATIVE PROCESS

REF: MAPUTO 01502

Action request in Paragraph Four

¶1. (SBU) On December 16, Ambassador La Lime met with GRM Minister of Industry and Commerce Carlos Morgado at Morgado's request to discuss the Mozambican government's October 14 request for tariff rate quota on several varieties of tobacco (request letter text in reftel). The Minister referenced the steep drop in tobacco production in Zimbabwe, and inquired about the possibility of transferring TRQ to Mozambique. He also asked for a formal response from the USG to the five specific requests posed in the October letter. Morgado emphasized the development impact of the country's tobacco industry and stressed the importance the government placed on this issue.

¶2. (SBU) The GRM has made the request because of the rapid increase in tobacco production over the last few years, with backing by U.S.-owned companies. In particular, Universal Leaf Tobacco has dramatically increased production of flue-cured and burley tobacco in Mozambique, and is in the process of completing a factory in Tete province with the capacity to process 37,000 tons of tobacco in the 2005 harvest season. Another American company, Dilon, Inc., plans to start construction of a tobacco processing plant in another province next year.

¶3. (SBU) Comment: The Minister's decision to raise the issue with the Ambassador elevates the profile of the issue, indicating that this is not just a major issue for American tobacco companies, but for the Mozambican government in general. End Comment.

¶4. (U) Action Request: Post requests a response we can share with Minister Morgado to the request reported in reftel.

LA LIME